GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2
ANSWERED ON:10.08.2007
ASSISTANCE TO COOPERATIVE BANKS
Pandey Dr. Laxminarayan;Shukla Smt. Karuna

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has provided assistance to improve the functioning of State cooperative banks, district cooperative banks and Agricultural Credit Societies;

(b) if so, the details thereof;

(c) whether the Government is formulating any scheme to improve the health of these institutions and to cater to the financial needs of the poor fanners; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) : Yes, Sir. Out of the total financial package of Rs. 13596 crore, for strengthening the Short Term Cooperative Credit Structure(STCCS) in the Country comprising State Cooperative Banks(SCBs), District Central Cooperative Banks(DCCBs) and Primary Agriculture Credit Societies (PACS), the World Bank has agreed to provide an assistance of US$600 million to the Government of India. The World Bank assistance is proposed in the form of loan of US$300 million from International Bank for Reconstruction and Development (IBRD) and a credit of SDR 196.8 million (equivalent to US$ 300 million) from International Development Association (IDA).

(c) & (d) : The Government has approved a revival package to strengthen Short Term Rural Cooperative Credit Structure (STCCS). The States willing to implement the package are required to sign a Memorandum of Understanding (MoU) with Central Government and NABARD for carrying out certain legal and institutional reforms.

Financial assistance for STCCS under the package is available for cleansing of Balance Sheet as on 31st March 2004 and increasing the capital to a specified minimum level subject to legal and institutional reforms. In order to ensure that STCCS continues on sound financial, managerial and governance norms, technical assistance is to be provided to upgrade institutional and human resources of CCS, computerization and setting up proper internal control and accounting systems.